

Message Text

CONFIDENTIAL

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ORIGIN ARA-14

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TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 107845

E.O. 11652: GDS

TAGS: PE, EFIN, PDRP, EAID

SUBJECT: PRESIDENTIAL LETTER

REF: STATE 90215

PLEASE DELIVER FOLLOWING REPLY DATED APRIL 26,1978;
FROM PRESIDENT CARTER TO GENERAL MORALES BERMUDEZ'
LETTER, DELIVERED APRIL 7 (RETEL). ORIGINAL BEING
POUCHED.

QUOTE
THE WHITE HOUSE
WASHINGTON
APRIL 26, L978

DEAR MR. PRESIDENT:
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IN YOUR LETTER OF APRIL 4, YOU RAISED A NUMBER OF
VERY IMPORTANT ISSUES. AS YOU KNOW, MY GOVERNMENT
SUPPORTS THE PROCESS YOU HAVE BEGUN, TO RESTORE
DEMOCRATIC RULE. WE RECOGNIZE THAT THE ACUTE
PROBLEMS WHICH PERU NOW FACES MAKE THIS PROCESS
ESPECIALLY DIFFICULT.

AS I HAVE ASSURED YOU, THE UNITED STATES WISHES TO HELP YOU IN EVERY APPROPRIATE WAY. I HOPE THAT OUR COMMODITY CREDIT CORPORATION SALES, THE PL 480 TITLE I PROGRAM, AND DEVELOPMENT LOANS CAN ASSIST YOU IN MEETING YOUR COUNTRY'S NEEDS. I ALSO HOPE THAT OUR PROGRAMS WILL STIMULATE OTHERS TO EXPRESS FAITH IN PERU'S FUTURE.

I AM SURE YOU SHARE OUR VIEW THAT AN UNDERSTANDING WITH THE IMF ABOUT AN ECONOMIC STABILIZATION PROGRAM WILL GREATLY HELP PERU MEET ITS IMMEDIATE PROBLEMS AND RESTORE FINANCIAL BALANCE TO ITS ECONOMY. A MISSION TO WASHINGTON BY YOUR MINISTERS OF FOREIGN RELATIONS AND OF ECONOMY AND FINANCE WOULD BE MORE USEFUL AFTER YOUR GOVERNMENT HAS FURTHER DEVELOPED ITS PROGRAM WITH THE IMF. THE UNITED STATES WILL CONTINUE TO FOLLOW DEVELOPMENTS BETWEEN PERU AND THE IMF, ALTHOUGH ANY AGREEMENT MUST BE WORKED OUT BY THE PARTIES DIRECTLY CONCERNED.

WE HAVE EXPLORED THE POSSIBILITY OF A LOAN FROM THE EXCHANGE STABILIZATION FUND, AND WE REGRET THAT IT IS NOT POSSIBLE BECAUSE THE PERUVIAN FINANCIAL PROBLEM SEEMS TO BE LONGER TERM IN NATURE THAN IS APPROPRIATE FOR SUCH FINANCING. I
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WAS PLEASED TO LEARN THAT THE INTER-AMERICAN DEVELOPMENT BANK IS TAKING AN INTEREST IN ASSISTING PERU WITH ITS INVESTMENT PLANNING. MY GOVERNMENT WILL SUPPORT THE INTER-AMERICAN DEVELOPMENT BANK IN THIS EFFORT.

MY GOVERNMENT WOULD, OF COURSE, BE WILLING TO PARTICIPATE IN A MULTILATERAL CONSIDERATION OF RESCHEDULING PERU'S DEBT IF YOU AND YOUR ADVISERS BELIEVE THAT TO BE THE BEST COURSE OF ACTION. AS YOU KNOW, MOST RECENT DEBT RESCHEDULINGS HAVE BEEN CONTINGENT ON COMPLIANCE WITH AN IMF STABILIZATION PROGRAM. IF PERU'S CREDITORS AGREE THAT THE SITUATION WARRANTS DEBT RESCHEDULING, THE UNITED STATES WOULD WORK FOR QUICK COMPLETION OF THE NEGOTIATIONS.

WE WISH YOU EVERY SUCCESS IN OVERCOMING THE FORMIDABLE PROBLEMS YOUR COUNTRY FACES. PLEASE LET ME KNOW WHEN YOUR MISSION IS PREPARED TO COME TO WASHINGTON TO MEET WITH THE SECRETARIES OF STATE AND TREASURY. I WILL CONSULT CLOSELY WITH THEM TO ASSURE MAXIMUM COOPERATION BETWEEN OUR GOVERNMENTS IN ADDRESSING THESE FINANCIAL QUESTIONS.

SINCERELY, JIMMY CARTER.

HIS EXCELLENCY
GENERAL FRANCISCO MORALES BERMUDEZ CERRUTTI
PRESIDENT OF THE REPUBLIC OF PERU
LIMA

UNQUOTE. VANCE

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